

Message Text

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45

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 INT-08 DRC-01 /146 W
----- 031456

R 191714Z NOV 73

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8869

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E.O. 11652 N/A

TAGS: EFIN

SUBJECT: END OF TWO-TIERED GOLD SYSTEM

REF: STATE 226069

1. FINANCE SECRETARY LOPEZ PORTILLO DISCUSSED WITH ME MEXICAN GOVERNMENT'S REACTION TO ENDING TO TWO-TIERED GOLD SYTEM BY US AND SIX OTHER NATIONS. HE SAID THAT IN GENERAL RESULTS WOULD BE FAVORABLE TO MEXICANS AS A GOLD PRODUCER. HE SAID MEXICO WAS GLAD OF FREEDOM TO SELL GOLD AT CURRENT MARKET PRICES AND NOT TO BE CONFINED TO PREVIOUS LOWER FIGURES. HE SAID SOME NEW GOLD HAD BEEN DISCOVERED AND THAT EXPANSION WOULD OCCUR OVER COMING YEAR IN MEXICAN PRODUCTION THOUGH IT WOULD NOT BE DRAMATIC. HE REFERRED TO STATE OF GUANAJUATO AS LOCATION OF PROJECTED NEW MINING FACILITIES.

2. LOPEZ PORTILLO SAID HE BELIEVED IT WAS IMPORTANT FOR MEXICO TO HAVE CERTAIN ADDITIONAL KNOWLEDGE OF THINKING IN WASHINGTON NOT ONLY ON GOLD ARRANGEMENTS BUT ALSO ON HANDLING OF RESERVES AND POSSIBILITIES WITH REGARD TO CURRENCY FLUCTUATIONS IN COMING MONTHS. TO THIS END HE WAS PLANNING TO SEND GOVERNOR OF BANK OF MEXICO (FERNANDEZ HURTADO) TO WASHINGTON DURING NEXT

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COUPLE OF WEEKS FOR CONVERSATIONS THERE WITH TREASURY AND

FEDERAL RESERVE BANK OFFICIALS. HE THOUGHT THIS WOULD BE USEFUL AND PROMISED TO LET ME KNOW IN ADVANCE WHEN FERNANDEZ HURTADO WOULD PROCEED TO WASHINGTON SO THAT APPOINTMENTS COULD BE MADE FOR HIM.

3. LOPEZ PORTILLO CONCLUDED THAT MEXICO WAS NOT ACUTALLY CONTEMPLATING ANY GOLD SALES AT THIS TIME BUT WOULD LIKE TO OBTAIN WASHINGTON'S ATTITUDE ON ACTUAL GOLD SALES AS WELL AS CONCERNING OTHER PROBLEMS.

4. COMMENT: I BELIEVE FERNANDEZ HURTADO IS WELL AND FAVORABLY KNOW IN WASHINGTON AND I WOULD HOPE THAT HE COULD HAVE MEANINGFUL CONVERSATIONS THERE IF HE ACUTALLY PROCEEDS TOWARDS THE END OF NOVEMBER.
MCBRIDE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TWO TIER SYSTEM (GOLD), GOLD CRISIS, FINANCIAL RESERVES, BANKS, GOLD MINING, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MEXICO08665
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731126/aaaaasof.tel
Line Count: 76
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 226069
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by boyleja>; APPROVED <13 FEB 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: END OF TWO-TIERED GOLD SYSTEM
TAGS: EFIN, EMIN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005